

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY UTILITIES COMPANY)	
<hr/>)	
ALLEGED FAILURE TO COMPLY WITH)	CASE NO. 98-054
ADMINISTRATIVE REGULATION)	
807 KAR 5:041, SECTION 3)	

O R D E R

Kentucky Utilities Company ("KU"), a Kentucky corporation which engages in the distribution of electricity to the public for compensation for lights, heat, power, and other uses, is a utility subject to Commission jurisdiction. KRS 278.010(3)(a).

KRS 278.280(2) directs the Commission to prescribe rules and regulations for the performance of services by utilities. Pursuant to this statutory directive, the Commission promulgated Administrative Regulation 807 KAR 5:041, Section 3, which requires electric utilities to maintain their plant and facilities in accordance with the standards of the National Electrical Safety Code (1990 edition) ("NESC").

Commission Staff has submitted to the Commission a Utility Accident Investigation Report dated May 6, 1997, appended hereto, in which Commission Staff alleges:

1. On March 18, 1997, Jack Cummins and Mitch Saltsman were injured while changing out a utility pole in Columbia, Kentucky.
2. At the time of the incident, Cummins and Saltsman were changing out a three phase double dead end pole structure. Each phase was energized and carried a

voltage of 7200 volts. As they were working, an electric arc occurred which resulted in burn injuries to both men.

3. At the time of the incident, no protective covering was being used.
4. At the time of the incident, Cummins was in charge of the work site.
5. At the time of the incident, Cummins and Saltsman were employees of Davis H. Elliott Company, Inc. and were acting within the scope of their employment.
6. At the time of incident, Davis H. Elliott Company, Inc. was acting within the scope of a contract with KU to construct and install certain utility plant.
7. NESC Rule 441A1 prohibits a person from approaching or taking any conductive object without suitable insulating handle within certain distances of an exposed ungrounded part normally energized unless: the line or part is de-energized, or the person is insulated from the energized line or part, or the energized line or part is insulated from the employee, or the person is insulated from all conducting surfaces other than the one upon which the person is working.
8. NESC Rule 443A1 requires that when a person works on energized lines and equipment he be insulated from energized parts or isolated or insulated from ground and grounded structures and potentials other than the one on which he is working.
9. Cummins and Saltsman failed to comply with NESC Rule 441A1.
10. Cummins and Saltsman failed to comply with NESC Rule 443A1.
11. Cummins failed to see that all safety and operating procedures were observed by those under his direction. His failure is a violation of NESC Rule 421A which requires a person in charge to adopt such precautions as are within his authority

to prevent accidents and to see that all safety rules and operating procedures are observed by those under his direction.

Based on its review of the Utility Accident Investigation Report and being otherwise sufficiently advised, the Commission finds that prima facie evidence exists that KU has failed to comply with Administrative Regulation 807 KAR 5:041, Section 3.

The Commission, on its own motion, HEREBY ORDERS that:

1. KU shall appear before the Commission on June 3, 1998, at 9:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations of Administrative Regulation 807 KAR 5:041, Section 3, and of showing cause why it should not be subject to the penalties prescribed in KRS 278.990(1) for these alleged violations.

2. KU shall submit to the Commission within 20 days of the date of this Order a written response to the allegations contained in the Utility Accident Investigation Report.

3. The Utility Accident Investigation Report of May 6, 1997, a copy of which is appended hereto, is made part of the record of this proceeding.


4. Any motion requesting an informal conference with Commission Staff to consider any matter which would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 4th day of February, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

**AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 98-054 DATED FEBRUARY 4, 1998**

UTILITY ACCIDENT INVESTIGATION REPORT

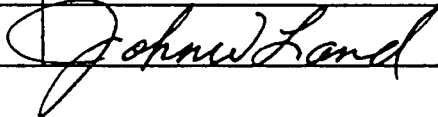
Utility:	Kentucky Utilities Company				
Reported By:	Carl Wise - Kentucky Utilities Company				
Dates & Times					
Accident Occurred:	03/18/97 - Approximately 10:15 a.m.				
Utility Notified:	03/18/97 - 10:35 a.m.				
PSC Notified:	03/18/97 - 10:55 a.m.				
Investigated:	03/19/97				
Written Report Rcvd:	03/22/97				
Location of Accident:	Moore Street, Columbia, Adair County, Kentucky				
Description of Accident:	Mr. Jack Cummins, Foreman, and Mr. Mitch Saltsman, Apprentice Lineman, employees of Davis H. Elliot Company, were changing out a three phase double dead end pole structure when the accident occurred. During this process an electrical arc occurred, resulting in their injuries. Both men were on the pole structure at the time of the accident. Proper protective cover up was not being used when the accident occurred.				
Victims:					
Name:	Jack Cummins	Fatal:	No	Age:	57
Addr./Empl.:	673 Blue Sky Parkway, Lexington, Kentucky 40580, Davis H. Elliott Company, Inc.				
Injuries:	Flash burns to face and neck.				
Name:	Mitch Saltsman	Fatal:	No	Age:	
Addr./Empl.:	673 Blue Sky Parkway, Lexington, Kentucky 40580, Davis H. Elliott Company, Inc.				
Injuries:	Burns to upper and lower body.				
Witnesses:	Name	Address/Employment			
	Eddie Hurt	David H. Elliott Co., Inc., Lexington Kentucky			

Sources of Information:	Name		Address/Employment		
	Gary Hall		Field Superintendent, Davis H. Elliott, Lexington, Kentucky		
	LeRoy Eversole		Field Safety Director, Davis H. Elliott, Lexington, Kentucky		
	Clarence Green		KU Employee, Campbellsville, Kentucky		
	Taylor Losson		KU Employee, Campbellsville, Kentucky		
	Dean Antle		KU Employee, Campbellsville, Kentucky		
	Brian Dickey		KU Employee, Campbellsville, Kentucky		
	John W. Land		PSC Engineering Staff-On-Site-Investigator		
Probable Violations:		NESC 1990 Edition, Rule 421.A.1 & 2. General Operating Rules; Rule 441.A.1 Approach to Energized Conductor or Parts and; Rule 443.A.1 Work on Energized Line and Equipment, General Rules.			
Line Clearances At Point of Accident:	Measured	Minimum Allowed by NESC	Applicable NESC Edition¹ 1990	Volt.	Pole Date
Center Phase to Ground Elevation:	60' - 6"	18' - 6"	1990	7200V	1970
Left Phase to Ground Elevation:	60' - 7"	18' - 6"	1990	7200V	1970
Right Phase to Ground Elevation:	60' - 7"	18' - 6"	1990	7200V	1970
Primary Neutral to Ground Elevation:	55' - 0"	15' - 6"	1990	N/A	1970
Date of Measurement:	03/19/97				
Approximate Temp.:	53°F				

¹ Current edition adopted by the Commission. If clearances are not in compliance with the current edition, then the edition in effect when the facilities were last constructed or modified would apply.

May 6, 1997

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Measurements Made By:	Terry Walker, Troy Vanables, KU employees and John W. Land, PSC Engineering Staff.
Investigated By:	John W. Land
Signed:	

Attachments A. Kentucky Utilities Company Accident Report
B. Photographs of Accident Site

Attachment A

Kentucky Utilities Company's Accident Report



Kentucky
Utilities
Company

March 20, 1997

RECEIVED

MAR 24 1997

DIVISION OF UTILITY
ENGINEERING & SERVICES

Mr. John Land
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40802

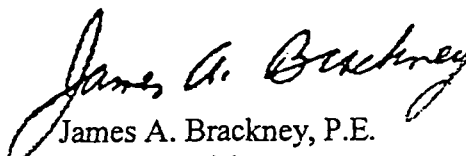
Dear Mr. Land:

SUBJECT: PUBLIC ACCIDENT - DAVIS H. ELLIOTT CO. EMPLOYEES
DATE OF ACCIDENT: 03/18/97

Enclosed is a copy of a Report of Accident- Public where two Employees of Davis H. Elliott Co., Jack Cummins and Mitch Saltzman, were changing out a pole when an electric arc occurred causing a breaker operation and both employees were burned.

If you need additional information please advise.

Sincerely,


James A. Brackney, P.E.
Manager, Risk Management

JAB/ss
Enclosure
cc: R. M. Hewett

R. M. (Bob) Hewett, Vice President

March 24, 1997



Kentucky
Utilities
Company

Mr. John Land
Electric Branch
Kentucky Public Service Commission
730 Schenkel Lane
POB 615
Frankfort, KY 40602-0615

RECEIVED

MAR 27 1997

ENGINEERING & SERVICES

Dear Mr. Land:

In discussions with K. U. personnel concerning your investigations of the March 18, 1997 accident involving two Davis H. Elliot employees, Jack Cummins and Mitch Saltzman, you have requested a copy of KU's contract with Davis H. Elliot.

In response to your request, enclosed are excerpts of KU's contract in the area of contractor responsibilities in work performance. This selected information is provided to avoid public disclosure of price quotes which is not a matter of interest to your review.

If you require additional information, please let me know.

Sincerely,

Robert M. Hewett
Vice President
Regulation & Economic Planning

RMH/cxz

Enclosure

KENTUCKY UTILITIES COMPANY

**OVERHEAD TRANSMISSION
UNIT CONTRACT**

WITH

DAVIS H. ELLIOT COMPANY
CONTRACTOR

EFFECTIVE JANUARY 1, 1994

G.O. CONTRACT 081

16.0 DRAWINGS AND SPECIFICATIONS

- 16.1 Contractor shall not perform any Work requiring detailed drawings until such detailed drawings have been furnished by Company.
- 16.2 Numbers on drawings, etc. shall take precedence over the scale measurements of drawings; but where obvious discrepancies exist, Contractor shall consult Engineer/Inspector.
- 16.3 Discrepancies among drawings, specifications and field conditions shall be immediately referred to Engineer/Inspector for resolution.
- 16.4 Contractor shall keep one copy of specifications and drawings at Work site and shall produce them there, when requested to do so by Engineer/Inspector. These documents shall be returned to Company upon the completion of Work.

17.0 REPORTS AND RECORDS

- 17.1 Contractor shall furnish Company, whenever required, reports showing the progress and status of Work. Contractor shall also maintain and furnish Company with such records of Work performed and items of materials and equipment installed, removed, transferred, lost, damaged, or stolen as Engineer/Inspector may direct. All reports and records shall be presented in a form satisfactory to Engineer/Inspector.

18.0 REFUSAL AND CORRECTION OF DEFECTIVE WORK

- 18.1 Engineer/Inspector shall have the authority to refuse all Work by Contractor which he finds to be unsound or improper. Contractor, upon receiving written notice of such refusal, shall within a specified time repair or remove and replace all portions of Work so refused, and shall bear all expenses of the refused Work as well as the repair or removal and replacement of any adjoining Work damaged by the correction of the refused Work. The value of Company's materials from such refused Work which are in the sole opinion of Engineer/Inspector, are damaged so as to be unsuitable for reuse in this Work, shall be back billed to Contractor.
- 18.2 If Contractor does not correct the refused Work within the specified time, Company may order Work done by others and deduct the cost thereof from any money due Contractor.

July 22, 1993

- 18.3 The provisions in this Section shall survive the expiration or termination of this Contract.

19.0 RISK OF LOSS

- 19.1 Contractor shall use care and diligence to protect all Work performed from loss or damage until Work done is accepted by Company. Any loss of, or damage to, Work performed prior to the acceptance by Company shall be corrected by Contractor at its own expense.
- 19.2 Contractor shall use care and diligence to protect all of Company's materials during unloading, or handling, or after receipt by Contractor, against theft, loss or damage. In the case the theft, loss or damage to such materials exceeds 1/2% of the total value of all the materials handled on any Work project, Contractor shall pay Company for the loss or damage in excess of said 1/2%.
- 19.3 Company shall not be responsible in any way for property of Contractor, its employees, or subcontractors, ~~or for any person~~ performing any part of Work.

20.0 PROTECTION OF PERSONS AND PROPERTY

Contractor will take all necessary action to protect all persons and property against injury or damage arising from or attributable to any act or omission of Contractor, its officers, servants, employees, agents, subcontractors or other representatives, or any persons or entities upon or about involved property with the expressed or implied permission of Contractor. Such action shall include, but shall not be limited to the erection and maintenance of warning barricades, Work area protection, lights, etc., at all places where excavations are made, materials are being handled or stored, highway obstruction is required, and at all other places where needed.

21.0 PERMITS, LICENSES AND CONSENTS

Contractor agrees to secure all permits and licenses required by local, state, and federal agencies, private and public agencies, and companies of a temporary nature necessary for the prosecution of the Work to be performed hereunder and to pay all charges and fees required for such permits and licenses. Permits, licenses and easements of a permanent nature shall be obtained and paid for by Company.

22.0 INDEMNIFICATION

Contractor agrees to defend, indemnify and hold harmless the Company, its directors, officers, employees and agents, from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature—including but not limited to costs and expenses of defending against the same and payment of any settlement or judgement therefore, by reason of (a) injuries or deaths to persons, (b) damages to or destructions of properties, (c) pollutions, contaminations of or other adverse affects on the environment or (d) violations of governmental laws, regulations or orders—whether suffered directly by Company itself or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or from their presence on the premises of the Company or otherwise from performance of the within contract.

23.0 INSURANCE

23.1 Contractor shall provide and maintain, and shall require subcontractor(s), if any, to provide and maintain, with forms and insurers acceptable to Company and having a Best Rating of not less than A+ (or another rating otherwise acceptable to the Company) for the following insurance coverages:

23.1.1 Insurance protection for Contractor's employees to the extent required by the Workers' Compensation Law of the state for which the work is being performed and, where same is not applicable or if necessary to provide a defense for Company, Employer's Liability Protection (covering both Company and Contractor) for Contractor's employees for no less than \$500,000 per employee.

23.1.2 If applicable, Long Shoreman's & Harbor Workers' Compensation Act Insurance Coverage imposed by federal statutes having jurisdiction of Contractor's employees while engaged in the performance of the Services. The Policy shall have limits not less than \$500,000.

23.1.3 Commercial General Liability Insurance, with a combined single limit of \$1,000,000 per occurrence. This insurance shall include coverage for bodily injury, broad form property damage (including completed operations), personal injury (including contractual and employee acts), blanket contractual, Contractor's protective, and

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products and completed operations. Further, the insurance shall include coverage for the hazards commonly referred to as XCU. Said insurance shall contain a severability of interests provision. The products and completed operations coverage shall extend for two (2) years past acceptance, cancellation, or termination of the services.

- 23.1.4 Business Automobile Liability Insurance with a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence, with respect to all vehicles used in performance of the Services, whether owned, non-owned, leased, hired, or assigned.
- 23.1.5 If applicable, Aircraft Public Liability Insurance, covering fixed wing and rotorcraft aircraft, whether owned, non-owned, leased, hired, or assigned, with a combined single limit for bodily injury and property damage, including passenger liability coverage, of \$5,000,000.
- 23.2 The policies required by this Section shall be endorsed to include Company as additional insureds and shall stipulate that the insurance shall be primary insurance and that any insurance carried by Company, if any, their directors, officers or employees shall not be contributory insurance.
- 23.3 Contractor and its insurers providing the required coverages shall waive all rights of recovery against Company and their directors, officers, employees, and agents.
- 23.4 Prior to commencing any Services under this Contract, Contractor shall furnish Company with Certificates of Insurance issued by Contractor's insurer(s), as necessary, in a form acceptable to Company, as evidence that the insurance policies, including all applicable endorsements, providing the required coverages, conditions, and limits required by the section are in full force and effect. Company also reserves the right to request and receive certified copies of any or all of such insurance policies and/or endorsements. Company shall not be obligated, however, to review such insurance certificates, policies, and endorsements, or to advise Contractor of any deficiencies in such documents, and such receipt shall not relieve Contractor from or be deemed a waiver of Company's right to insist on strict fulfillment of Contractor's obligations herein.
- 23.5 Contractor's Certificates of Insurance shall identify the Agreement number and shall provide for not less than thirty (30) days advance notice of any cancellation, termination, or alteration. All such certificates, endorsements, and notices shall be sent directly to Company as follows:

KENTUCKY UTILITIES COMPANY
ATTN: Director, Insurance & Claims
One Quality Street
Lexington, KY 40507

- 23.6 Costs of insurance coverages maintained by Contractor and/or Subcontractor, if any, required in this Section shall not be reimbursable by Company, including coverages in excess of that required by the Company.
- 23.7 In the event any insurance coverage for the services is canceled or terminated, Contractor agrees to provide similar liability protections, to the satisfaction of Company.
- 23.8 This stipulation of insurance coverages in this Section shall not be construed to limit, qualify, or waive any liabilities or obligations of Contractor, assumed or otherwise, under this Agreement.

24.0 SURETY BOND

- 24.1 The Company may elect to secure a Performance Bond with surety approved by the Company insuring Contractors's faithful performance for the amount of the contract price of Work to be done. The Contractor agrees to cooperate in full so as to enable Company to secure said bond.
- 24.2 Company will furnish to Contractor the form for said Performance Bond with surety and will pay for the cost of the Bond at _____ per thousand.

25.0 WARRANTIES

25.1 Contractor warrants that:

- 25.1.1 Work shall conform to the specifications, drawings, samples and other descriptions set forth herein, and any materials supplied in connection therewith shall be new, unused, and free from defect;
- 25.1.2 Work shall be suitable for the purposes intended by Company as specified herein;

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- 25.1.3 Work is not and shall not be subject to any encumbrance, lien, security interest or other defect in title as a sole result of Contractor's involvement in the Work;
- 25.1.4 Any labor or services required hereunder shall be performed in a competent, diligent manner in accordance with the best industry standards.

26.0 TAXES AND UNEMPLOYMENT COMPENSATION

- 26.1 Contractor shall pay all taxes related to materials which it supplies and shall pay all taxes related to its employees which are normally paid by an employer. Specifically, Contractor shall be a contributor to the Unemployment Compensation Fund of the state wherein this Work is to be performed, or, if it is not such a contributor, it shall be an "employer" under the Unemployment Compensation Law of such state.

27.0 COMPLIANCE WITH STATUTES, REGULATIONS AND ORDINANCES

- 27.1 Contractor shall comply with all statutes, regulations and ordinances governing Work, whether federal, state, or local. In particular, Contractor shall comply with all line construction, operation or maintenance-related standards, Work practices and safety procedures prescribed by statutes, regulations or ordinances.

28.0 RELEASE OF MECHANIC'S LIENS

- 28.1 Contractor hereby releases for itself and its successors in interest, and for all subcontractors and their successors in interest any and all claim or right of lien upon Company's property, Work, or any part thereof as a result of performing Work. Contractor shall execute and deliver to Company such documents, if any, as may be required under any local law to make this release effective.

29.0 STATUS OF CONTRACTOR

- 29.1 Contractor agrees that it shall act as an independent Contractor in the performance of all Work and that all of its agents, employees, subcontractors and invitees shall be subject solely to its control, supervision and authority.

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30.0 COMPLAINTS

- 30.1 Contractor agrees that complaints of any nature received from property owners or public authorities shall receive immediate attention and that efforts shall be made to effect a prompt adjustment. All complaints, and any action taken by Contractor in connection with such complaints, shall be reported to Company promptly.
- 30.2 It is understood that Contractor has no authority to obligate Company for any payment or benefit of any kind to any person and will not undertake to do so.

31.0 DANGER AND WARNING SIGNS

- 31.1 Contractor agrees to keep the necessary signs, signals, guards and protective devices at locations where Work is being performed to prevent accidents to the public or damage to the property of Company or the public.

32.0 ASSIGNMENT AND SUBLETTING

- 32.1 This agreement shall be binding upon the parties hereto and their heirs, executors, administrators and assigns. But Contractor shall not assign any of its rights or duties under this Agreement, or subcontract the whole or any part of the Work to be performed hereunder, without first having obtained the written consent of Company to such assignment or subcontract.
- 32.2 Company agrees that it shall not unreasonably withhold its consent to any assignment or subcontract.

33.0 SUPERVISION

- 33.1 It is mutually agreed, by and between the parties to this Contract, that final acceptance of Work performed under this Contract will be subject to approval by Engineer/Inspector, however, Contractor shall have entire supervision and control over the manner of performing all Work hereunder, but a representative of Company may inspect said Work at any time during its progress. In order to prevent delays and disputes, it is further agreed by and between the parties to this Contract, that the Engineer/Inspector shall in all cases determine the amounts and quantities of the several kinds of Work which are to be paid for under this Contract; that Engineer/Inspector shall determine all questions in relation to said Work and the construction thereof, relative to the execution of this Contract on

July 22, 1993

the part of said Contractor. The Contractor shall furnish all reasonable aid and assistance required by the Engineer/Inspector, or delegated representative, for the proper inspection and examination of the Work and all parts thereof. In cases of disagreement between Contractor and the Engineer/Inspector, the Contractor may make written appeal to the Manager, Transmission Engineering for his/her decision, with copy to the Inspector.

34.0 RELATIONSHIP OF PARTIES

- 34.1 This agreement is not intended to constitute an agreement of hiring under the provisions of any Workmens' compensation or unemployment compensation law, any old age benefit law, or any other law, and it shall not be so construed. Contractor agrees to accept full and exclusive liability for the payment of contributions or taxes imposed under such laws by the federal and/or state and/or local government which are measured by remuneration paid to Contractor or Contractor's employees.
- 34.2 Contractor shall at all times have full and complete supervision and control over the performance of the Work to be done by the Contractor.
- 34.3 Contractor shall be responsible for damages to public and private roadways, streets, bridges, fences, livestock; and damages to crops and land or other property when due to negligence or carelessness on the part of the Contractor.
- 34.4 The Contractor will, whenever practical to do so, use established highways and farm roads in gaining access to the right-of-way.
- 34.5 Contractor shall cooperate with Company in an effort to promptly settle all such damage claims as they arise and furnish Company with a copy of proper release from property owner.

July 22, 1993

IN WITNESS WHEREOF, the parties hereto have executed this Contract, or if Corporation, have caused it to be executed by their Officers duly authorized thereunto, the day and year first written above.

DAVIS H. ELLIOT COMPANY, INC.

Contractor

By: Robert W. Henderson

Vice President

Title

Angie Stennett
Witnessed

KENTUCKY UTILITIES COMPANY

By: J. W. Tipton
Sr. Vice President

George S. Jackson
Witnessed

July 22, 1993

TRANSMISSION AND DISTRIBUTION LINE CONSTRUCTION CONTRACT

between
Kentucky Utilities Company
and

DAVIS H. ELLIOT COMPANY, INC.
CONTRACTOR

CONTRACT #: # 60-205
46-1-1-96

EFFECTIVE: 1-1-96

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ARTICLE 7 RISK OF LOSS

- 7.1 Contractor shall use care and diligence to protect all Work performed from loss or damage until Work done is accepted by Company. Any loss of, or damage to, Work performed prior to the acceptance by Company shall be corrected by Contractor at its own expense.
- 7.2 Contractor shall use care and diligence to protect all of Company's materials during unloading, or handling, or after receipt by Contractor, against theft, loss or damage. In the case of theft, loss or damage to such materials Contractor shall be held accountable as determined by Engineer/Inspector to Company for the theft, loss or damage.
- 7.3 Company shall not be responsible in any way for equipment or property of Contractor, its employees or subcontractors performing any part of Work.

ARTICLE 8 PERMITS, LICENSES AND CONSENTS

Contractor agrees to secure all permits and licenses required by local, state, federal agencies, private and public agencies, and companies of a temporary nature necessary for the prosecution of the Work to be performed hereunder and to pay all charges and fees required for such permits and licenses. Company will obtain all highway encroachment permits and other right-of-way permits or easements over the lands and facilities of others. Contractor shall obtain all permits and permission necessary for incidental right-of-way clearing.

ARTICLE 9 PROTECTION OF PERSONS AND PROPERTY

Contractor shall take necessary action to protect all persons and property against injury or damage arising from or attributable to any act or omission of Contractor, its officers, servants, employees, agents, subcontractors or other representatives, or any persons or entities upon or about involved property with the expressed or implied permission of Contractor.

ARTICLE 10 INSPECTING AND AUDITING

10.1 Right of Inspection:

Company shall have the right, but not the obligation, to inspect all Work.

In the event Contractor fails to provide Company with reasonable access for inspection, and if in the opinion of the Company it becomes necessary to dismantle the Work for such inspection, then Contractor shall bear the expenses of such dismantling and reassembly.

10.2 Right of Auditing:

Contractor shall maintain complete records relating to any cost based (i.e. Work not covered by unit prices) components billed under the Contract or relating to the quantity of units billed under any unit-price provisions of this Contract (all the foregoing hereinafter referred to as "Records") which shall be open to inspection and subject to audit and reproduction during normal working hours, by Company or its authorized representative to the extent necessary to adequately permit evaluation and verification of any invoices, payments, time sheets, or claims based on Contractor's actual costs incurred directly in the performance of Work under the Contract. For the purpose of evaluating or verifying such actual or claimed costs, Company or its authorized representative shall have access to said Records at any time, including any time after final payment by Company to Contractor pursuant to the Contract. All information obtained in the course of such audits shall be held in confidence except pursuant to judicial and administrative order.

10.3 Access for Auditing:

Company or its authorized representative shall have access, during normal working hours, to all necessary Contractor facilities, and shall be provided adequate and appropriate Work space, in order to conduct audits in compliance with the provisions of this ARTICLE 10. Company shall give Contractor reasonable notice of intended audits.

ARTICLE 11 COMPLIANCE WITH LAWS, ORDINANCES, REGULATIONS AND CODES

Contractor shall be responsible for the safe performance of the Work with due regard for the safety of Contractor employees, subcontractor employees, the general public, Company's employees and property. Contractor shall at all times be solely responsible for complying with all applicable laws, statutes, regulations and ordinances in connection with the Work, including those relating to the safety of persons and property. Contractor shall also adopt, maintain and abide by its own safety rules and standards. To effectuate its responsibilities hereunder, Contractor shall have a formal documented safety program (or programs) and shall designate a responsible supervisor to coordinate safety at the Work site. Contractor shall inform Company of the Contractor supervisor(s) responsible for on-the-job safety. Company is entitled to conduct safety audits at any time during the progress of the Work with or without notice to Contractor. However, Company has no obligation to conduct safety audits. Contractor shall promptly investigate and report all accidents involving Contractor's Work to the Company. Neither the foregoing provisions related to safety, nor the enforcement of such provisions is intended to create any duty on the part of Company to review or enforce Contractor safety; rather, the obligation for Contractor safety, and the safe performance of the Work, rest entirely upon Contractor, its subcontractors and its employees. Further, the foregoing provisions regarding safety are not for the benefit of any third party.

Contractor shall abide by any and all rules Company may have in effect or hereafter put into effect at the site of the Work pertaining to workers, security procedures or requirements, handling of

equipment, materials, or any other part of the Work. If in Company's judgement it is desirable, Contractor, at Company's request, shall remove any employee from the Work.

ARTICLE 12 INDEMNITY BY CONTRACTOR

Contractor agrees to defend, indemnify and save harmless Company, its directors, officers, employees and agents from:

- (a) any and all damages, loss, claim, demand, suit, or liability including but not limited to costs and expenses of defending against the same and payment of any settlement or judgement therefor, for injuries or death to persons and damages to or destruction of properties, or pollution, contamination of or other adverse effect on the environment to the extent caused by the negligent, wilful or wanton act or omission of Contractor, employees, agents, subcontractors, or other representatives in the course of performing the Work;
- (b) any and all fines or penalties or forfeitures resulting from any violation of governmental laws, regulations (including but not limited to OSHA), or orders by Contractor, its employees, agents, subcontractors, or other representatives, and costs and expenses of defending against the same.

ARTICLE 13 INSURANCE

Contractor's Insurance Obligation:

Contractor shall provide and maintain, and shall require any subcontractor to provide and maintain, with an insurance Company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to Company and having a Best Rating of not less than A+, the following insurance:

- (a) Insurance protection for Contractor's employees to the extent required by the Worker's Compensation Law of Kentucky and, where same is not applicable or if necessary to provide a defense for Company, Employer's Liability Protection (covering both Company and Contractor) for Contractor's employees for not less than \$500,000.00 per employee.
- (b) Commercial General Liability Insurance with respect to performance of said Work with a combined single limit of \$1,000,000 per occurrence.
- (c) Commercial Automobile Liability Insurance on all owned, non-owned and hired vehicles used by Contractor on the job to the extent of the amounts of Public Liability and Business Liability insurance set out in the preceding Paragraph (b).
- (d) In the event that Work covered by this Contract includes Work to be done in places or areas where Maritime Laws are in effect, then additional insurance protection equal to the limits in Paragraph (b) above.

- (e) In the event the Work covers fixed-wing aircraft, rotor-lift, lighter-than-air aircraft or any other form of aircraft, appropriate insurance will be carried with a combined single limit of \$5,000,000 per occurrence.
- (f) In the event the Work covers blasting, explosives or operations underground in trenches or other excavations, appropriate insurance will be carried affording protection to the limits prescribed in Paragraph (b) above, together with products hazards and completed operations insurance where applicable, affording protection to the limits above prescribed. Contractor's liability insurance shall be written to eliminate XCU exclusions. Said insurance is to be kept in force for not less than one year after completion of Work.
- (g) Company shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Any receipt of such documents or their review by Company shall not relieve Contractor from or be deemed a waiver of Company's rights to insist on strict fulfillment of Contractor's obligations under the Contract.
- (h) Contractor shall provide notice of any accidents or claims at the Work site to Company's Manager Risk Management.

Each of the policies required under Paragraphs (b), (d), (e), and (f) shall specifically insure the contractual liability assumed under the ARTICLE above, and such contractual liability so provided shall remain in effect until the Work is completed and accepted by Company. Before starting Work, Contractor shall furnish to Company a certificate(s) of insurance satisfactory to Company, evidencing the existence of the insurance required by the above provisions, and this insurance may not be canceled for any cause without thirty (30) days advance notice being first given the Company; provided, that failure of Company to require Contractor to furnish any such certificate(s) shall not constitute a waiver by Company of Contractor's obligation to maintain insurance as provided herein.

Each of the policies required under Paragraphs (b), (c), (d) and (e) shall be endorsed to add Company as an additional insured and shall be endorsed providing underwriters have waived their rights of subrogation against the Company and the Company's insurers.

ARTICLE 14 WARRANTIES

14.1 Contractor warrants that:

14.1.1 Work shall conform to the specifications, drawings, samples and other descriptions set forth herein, and any materials supplied in connection therewith shall be new, unused, and free from defect;

14.1.2 Work shall be suitable for the purposes intended by Company as specified herein;

14.1.3 Work is not and shall not be subject to any encumbrance, lien, security interest or other defect in title as a sole result of Contractor's involvement in Work;

14.1.4 Any labor or services required hereunder shall be performed in a competent, diligent manner in accordance with the best industry standards.

ARTICLE 15 TAXES AND UNEMPLOYMENT COMPENSATION

Contractor shall pay all taxes related to materials which it supplies and shall pay all taxes related to its employees which are normally paid by an employer. Specifically, Contractor shall be a contributor to the Unemployment Compensation Fund of the state wherein this Work is to be performed, or, if it is not such a contributor, it shall be an "employer" under the Unemployment Compensation Law of such state.

ARTICLE 16 RELEASE OF MECHANIC'S LIENS

Contractor hereby releases for itself and its successors in interest, and for all subcontractors and their successors in interest any and all claim or right of lien upon Company's property, Work, or any part thereof as a result of performing Work. Contractor shall execute and deliver to Company such documents, if any, as may be required under any local law to make this release effective.

ARTICLE 17 ASSIGNMENT OF CONTRACT

Contractor shall not by operation of law or otherwise assign or subcontract any part of the Work or this Contract without first obtaining Company's written approval. Such approval, if given, shall not relieve Contractor from full responsibility of all obligations under this Contract.

ARTICLE 18 RELATIONSHIP OF PARTIES AND COMPLAINTS

18.1 This agreement is not intended to constitute an agreement of hiring under the provisions of any Workmens' compensation or unemployment compensation law, any old age benefit law, or any other law, and it shall not be so construed. Contractor agrees to accept full and exclusive liability for the payment of contributions or taxes imposed under such laws by the federal and/or state and/or local government which are measured by remuneration paid to Contractor or Contractor's employees.

18.2 Contractor shall at all times have full and complete supervision and control over the performance of the Work to be done by the Contractor.

- 18.3 Contractor shall be responsible for damages to public and private roadways, streets, bridges, fences, livestock; and damages to crops and land or other property when due to negligence or carelessness on the part of Contractor.
- 18.4 The Contractor will, whenever practical to do so, use established highways and farm roads in gaining access to the right-of-way.
- 18.5 Contractor agrees that complaints of any nature received from property owners or public authorities shall receive immediate attention and that efforts shall be made to effect a prompt adjustment. All complaints, damage claims and any action taken by Contractor in connection with such complaints shall be reported to Company promptly.
- 18.6 Contractor shall cooperate with Company in an effort to promptly settle all such damage claims as they arise and furnish Company with a copy of proper release from property owner and/or public authority.
- 18.7 Contractor has no authority to obligate Company for any payment or benefit of any kind to any person and will not undertake to do so.

ARTICLE 19 STATUS OF CONTRACTOR

Contractor agrees that it shall act as an independent contractor in the performance of all the Work and that all of its agents, employees, subcontractors and invitees shall be subject solely to its control, supervision and authority.

ARTICLE 20 PRICING

- 20.1 The unit prices set out in the exhibits are based on the Contractor's firm bid, and/or unit rates, and/or time and material rates, which may be subject to review of increases and/or decreases upon written request; but no request shall be accepted for review more often than one year from time of last acceptance or rejection of proposal. Any exceptions to the contrary shall be so addressed in the Work Authorization.
- 20.2 Increases or decreases of Price Schedules will go into effect only after approval in writing by both parties. The effective date of any such price changes will be the date of signature of the last approving party and in no event shall any such increases be retroactive.
- 20.3 In the event the parties should be unable to agree on such proposed increases or decreases, either party may give the other ninety (90) days written notice of termination of this Contract; and upon such termination of this Contract, Company shall pay Contractor for all Work performed to the date of such termination as mutually agreed and set out in the approved Schedules.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed and delivered as of December 19, 1995.

DAVIS H. ELLIOT COMPANY, INC.

By: Robert W. Henderson

Title: VICE PRESIDENT

KENTUCKY UTILITIES COMPANY

By: John M. Quinn 12/19/95

Title: Sr Vice President

Scheduled

Date

Job Order

Life Support Customer []

2241013

Date 3-7-97

Tax District 200199

District Campbellsville

Town Columbia

Charge to

POL []

Key Map Columbia

Base Map 2

Detail/sub D-1

PM []

Location of Work Near Russell Heights Addition - on Russell Creek

Reason Needed Pole washing out on Creek Bank

Description of Work Replace 70' pole + Anchors - move 15' away from Creek Bank

Other Utility contact Req. []

Assessment Sec. & Recorded [] by date

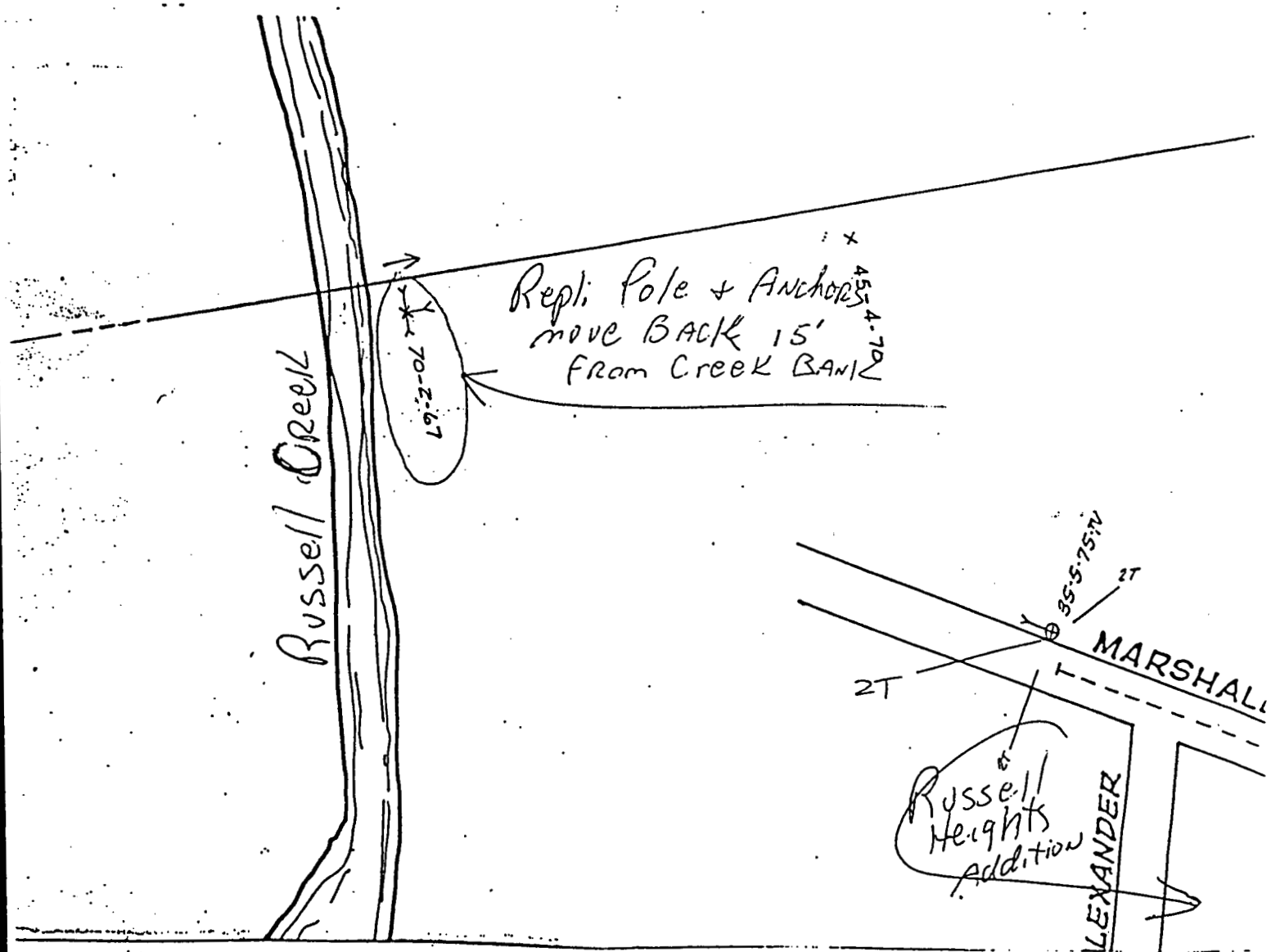
Ease. not Req. [X]

[] New Work

Underground Utilities cleared by:

Weather: [X] Dry or frozen only [] Anytime

[X] Rehab Work



Comments/Delays

Submitted by Rice 3-7-97

Requested Completion Date

S.A.P.

Est. M. Hours

Actual Hours

Approved by

(exclude travel)

(on job site)

Contractor/Crew Used

Est. Time

date

size

estimated

actual

Work Complete & Print As Built

Supervisor/Inspector

date

LINE INSPECTION AND PREVENTIVE MAINTENANCE REPORT

Town Columbia Zone/Zone Seg. 1-A Date 1-15-96 Hours Worked 6 1/2
 Inspector Bobby Rice Lines Patrolled All Poles 1415 + Part of 1416 South of
SET 55 + 551

Inspection and Repair Procedures: Perform a thorough walking inspection of all poles, crossarm hardware, transformers, pri. and sec. spans, st. lights, services, serv. entrances and meters. Perform all repairs necessary to place system in good operating condition. Prepare RO's for all repairs to be completed by crew.

Summary	REP	RO	NO	Location	Repairs Needed	Completion			RO NO
						By	Date	Hours	
Poles replaced			1	325 Parrott -	need new GWP	DR	1/15	.5	
Poles to be set				Heskamp #2					
Crossarms replaced			2	Parrott Ave	TRANS OVERLOAD	RC	2/5/96	4	2240
Down guys tightened				Kitty Sec. Dial					
Down guy guards									
Anchors replaced									
UG Anc. eyes repaired			3	478 Parrott	Repl open wire service with 2T	SK	2-7/96	1	
Ground wire repaired									
Pri. spans trimmed									
Lgt. arr. & cutouts			4	Merchandise Outlet	need new GWP	RC	2-7/96	.5	
Trans. leads cleared									
Other pri. repairs			5	Joe Barber Farm	New GWP	RC	2-27	.5	
Trans. load checks				Behind Dog Pen					
Padmount trans. insp									
Trans. replaced			6	Joe Barber Farm	New GWP	RC	1-16	.5	
Sec. resagged				Old SEC. DE Pole					
Sec. replaced									
Sec. trimmed			7	Sandusky Mill	New GWP	RC	1-16	.5	
Sec. voltage checks				TAP Fuse Pole					
ree guards inst.									
Min. vert. clearance			8	Sandusky Mill	New GWP	RC	1-16	.5	
Tel & tv clearance				10 MEER Pole					
Ser. replaced									
Idle ser. removed			9	CORNER Bramlett	New GWP	RC	1-11	.5	
Ser. relocated				+ W Page					
Ser. resagged									
Ser. trimmed			10	BRAMLETT ST	Repl Rusty TRANS	RC	2/7/96	1	2240
Connections repaired				PICKET TRL CRT					
House knobs replaced				TAP Pole					
Meter bases repaired									
Meter bases replaced			11	304 W. Page	New GWP	RC	1-16		
Meters replaced									
St. lgts/COL trimmed									
St. lgts/COL repaired									
R/W Encl. reported									

Inspection & work complete

COMPLETION REPORT: Zone/Zone Seg. 1-A Manager Donna Gentry Date 1-15-96
 INSPECTION: Date Started 1-15-96 Date Completed 2-27-96 Total Hours 6.5
 Repairs : Date Started 1-15-96 Date Completed 2-27-96 Total Hours 12.5
 Total Hours 19.

MAINTENANCE
1-A Job Order

2240793

Date1-12-96Tax District200199

DistrictCampbellsvilleTownColumbia

MapColumbiaBase Map2

Location of Work44 PARROTT AVE -

Charge toPOL[]

Detail/subD-111PM[]

Reason NeededINCREASED LOAD

Description of WorkDOUBLE DEADEND #4 SECONDARY + INSTALL 2-25KVA TRANSFORMERS + Remove 1-15 KVA TRANS.

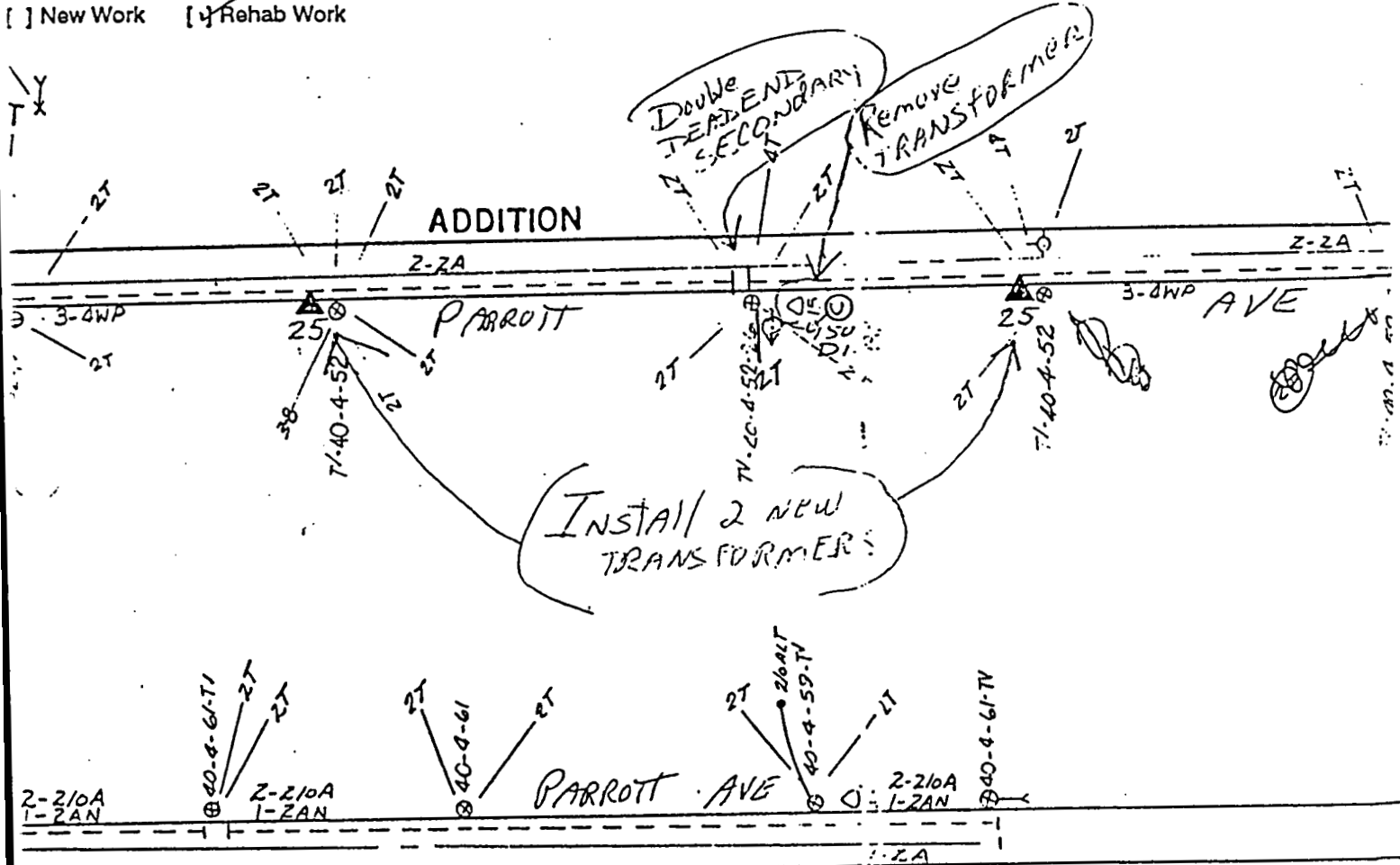
Other Utility contact Req.[]

Easement Sec. & Recorded[] byBNdateEase, not Req.[]

[] Bucket Truck [] Derrick Truck [] Bucket w/Material [] Service Truck [] Pole Trailer [] Other

PriorityUnderground Utilities cleared by:Weather: [] Dry or frozen only [] Anytime

[] New Work [] Rehab Work



ADDITION

Job Comments/Delays

Submitted byRue1-12-96Requested Completion DateS.A.F.

Est. M. Hours16Actual Hours8

(exclude travel)(on job site)

Approved byContractor/Crew Used

Work Complete & Print As Built0580 RNE2-8-96

Supervisor/Inspectordate

LINE INSPECTION AND PREVENTIVE MAINTENANCE REPORT

Town Columbia Zone/Zone Seg. I-A Date 1-22-97 Hours Worked 6
 Inspector B. Rice Lines Patrolled RT 55N FROM RUSSELL CREEK TO JCT 9 551

Inspection and Repair Procedures: Perform a thorough walking inspection of all poles, crossarms, hardware, transformers, pri. and sec. spans, st. lights, services, serv. entrances and meters. Perform all repairs necessary to place system in good operating condition. Prepare RO's for all repairs to be completed by crew.

Summary	REP	RO	NO	Location	Repairs Needed	Completion			RC
						By	Date	Hours	
Poles replaced				<u>Parnett Ave.</u>					
Poles to be set				<u>W. Page Property</u>	<u>Need GWP</u>	<u>PK</u>	<u>1-23</u>	<u>.5</u>	
Crossarms replaced									
Down guys tightened				<u>PARNETT AVE</u>					
Down guy guards				<u>SMITH TR.</u>	<u>Need GWP</u>	<u>PK</u>	<u>1-23</u>	<u>.5</u>	
Anchors replaced									
UG Anc. eyes repaired				<u>DAY & DAY MILL</u>	<u>Need GWP</u>	<u>PK</u>	<u>1-23</u>	<u>.5</u>	
Ground wire repaired									
Pri. spans trimmed				<u>APT HOUSE</u>	<u>Need TREE TRIMMING</u>	<u>PK</u>	<u>1-24</u>	<u>1</u>	
Lgt. arr. & cutouts				<u>BY WATER OFFICE</u>					
Trans. leads cleared									
Other pri. repairs				<u>HENSON PAVING</u>	<u>Need 2 - GWP</u>	<u>PK</u>	<u>1-23</u>	<u>.75</u>	
Trans. load checks									
Padmount trans. insp				<u>N. BRANLETT</u>	<u>Need 2 GWP</u>	<u>PK</u>	<u>1-24</u>	<u>.75</u>	
Trans. replaced				<u>TRL PK</u>					
Sec. resagged									
Sec. replaced				<u>W. Page</u>	<u>Need GWP</u>	<u>PK</u>	<u>1-24</u>	<u>.5</u>	
Sec. trimmed									
ec. voltage checks				<u>SANDUSKY MILL</u>	<u>Need 2 GWP</u>	<u>PK</u>	<u>1-24</u>	<u>.75</u>	
ree guards inst.									
Min, vert clearance									
Tel & tv clearance									
Ser. replaced									
Idle ser. removed									
Ser. relocated									
Ser. resagged									
Ser. trimmed									
Connections repaired									
House knobs replaced									
Meter bases repaired									
Meter bases replaced									
Meters replaced									
St. lgts/COL trimmed									
St. lgts/COL repaired									
R/W Encl. reported									

INSPECTION &
 WORK COMPLETE

COMPLETION REPORT: Zone/Zone Seg. IA Manager Dean Smith Date 1-24-97
 INSPECTION: Date Started 1-22-97 Date Completed 1-22-97 Total Hours 6
 Repairs : Date Started 1-23-97 Date Completed 1-24-97 Total Hours 10.25
 Total Hours 16.25

Attachment B

Photographs of Accident Site

